



City of Independence, Ohio

"THE HEART OF CUYAHOGA COUNTY"

6800 BRECKSVILLE ROAD

INDEPENDENCE, OHIO 44131

(216) 524-4131

MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, August 12, 2022

Re: Finance Office and Related Topic Updates

Municipal Income Tax Revenue (MITR)

The August income tax "Remainder" has been received, therefore August's income tax receipts have been received in full.

On a monthly basis, the continued "softening" trend of Independence's primary income source continues as follows:

<u>August</u>	<u>MITR</u>
2022	\$2,454,250
2021	\$2,437,236
2020	\$2,931,663
2019	\$2,521,215
2018	\$2,761,006
2017	\$2,698,850

The trend noted above for the month of August is similar to the longer term trend through the first eight (8) months of the year plus the "Retainer Refund" received back from the Regional Income Tax Agency (RITA):

1 st 8 Months + Retainer <u>Refund</u>	<u>MITR</u>
2022	\$23,917,547
2021	\$24,441,717
2020	\$22,774,093
2019	\$22,890,172
2018	\$23,385,504



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Municipal Income Tax Revenue (MITR) – Continued

Year-to-Date, income tax receipts are up a scant 2.28% from during the same time period four years ago, or an average of just over ½ of 1% per year. Year-to-date Income tax receipts are also below 2021's year-to-date levels, which has been consistent through most of 2022.

Slow-to-no growth to actual year-over-year declines in the City's primary and main revenue source can't continue for long in an era of rising staffing, benefits, supplies, capital and infrastructure costs.

Independence is fortunate that RITA's collections of Net Profits has helped to offset some of the decline in local income taxes received from Withholding. Statistics for the last three years are as follows:

	Taxes From <u>Withholding</u>	Taxes From <u>Net Profits</u>	Total YTD Income <u>Taxes</u>
YTD 2022	\$18,608,695	\$3,263,292	\$23,917,547
YTD 2021	\$19,659,346	\$2,345,567	\$24,441,717
YTD 2020	\$18,926,751	\$2,157,474	\$22,774,093
YTD 2019			\$22,890,172
YTD 2018			\$23,385,504

A more detailed breakdown of the various components that make up total income tax collections, in addition to the withholding and net profit components cited above, will be provided at the Tuesday, August 16 Economic Growth and Development Committee Meeting.

Musing – From the Saturday/Sunday August 6 – 7, 2022 Wall Street Journal Review

From Peter Shapiro, described as *“one of the country's leading independent concert promoters”*:

Mr. Shapiro also knows the value of a “big round number.” He says that he enticed Led Zeppelin singer Robert Plant to play a late-night show at Brooklyn Bowl with a \$100,000 offer that included an unsolicited down payment of \$50,000 cash.

He was acting, he said, on a valuable lesson he learned from B.B. King: *“If you really want something, bring cash.”*